

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

REVIEW REPORT
OF
DEPARTMENT OF WORKFORCE DEVELOPMENT
July 1, 2004 to January 31, 2007



FILED
05/03/2007

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Commissioner	Alan D. Degner	02-10-03 to 01-09-05
	Ronald L. Stiver	01-10-05 to 10-12-06
	Andrew Penca	10-13-06 to 01-11-09



STATE OF INDIANA

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF DEPARTMENT OF WORKFORCE DEVELOPMENT

We have reviewed the receipts, disbursements, and assets of the Department of Workforce Development for the period of July 1, 2004 to January 31, 2007. Department of Workforce Development's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Department of Workforce Development are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

March 15, 2007

DEPARTMENT OF WORKFORCE DEVELOPMENT
REVIEW COMMENTS
January 2007

ATTENDANCE REPORTS

As stated in the previous Report B24675, we observed that employee attendance reports were frequently signed and dated prior to the last day worked. We also observed that attendance reports were approved by their supervisor before the employees' signature.

Employee attendance reports should not be signed, dated or approved prior to the last day worked in a pay period. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 9)

After being completed by the employee, the attendance report should be reviewed, signed, and dated by the immediate supervisor of the employee, or by another designated individual who has knowledge of the employee's attendance. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 9)

AUTOMATED ATTENDANCE REPORTS

The Department of Workforce Development (DWD) started using the Time and Labor module within PeopleSoft in January 2006, to account for their payroll transactions. One of the features within the Time and Labor is an automated attendance report. Beginning in April 2006, DWD stopped printing paper attendance reports for signatures by employees and approvals by supervisors as part of the payroll approval process. The employees' certification of their time and the approvals by their supervisors is now performed through the computer. The State Board of Accounts has not approved the use of paperless attendance reports due to various internal control issues.

Every employee must submit an attendance report for each pay period. The attendance report is to be completed accurately, and be signed and dated by the employee. After being completed by the employee, the attendance report should be reviewed, signed, and dated by the immediate supervisor of the employee, or by another designated individual who has knowledge of the employee's attendance. The review should be done prior to submission of payroll to the Auditor's Office. If a different procedure is needed, contact the State Board of Accounts for assistance and approval. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 9)

PERSONAL LONG DISTANCE PHONE CALLS

It has been the practice of the Department of Workforce Development to allow employees to make personal long distance telephone calls on the agency's telephones. Each month, employees are to review telephone bills, identify their personal calls, and present a check or cash to the agency for payment.

Personal long distance calls are not allowed to be charged to the State or placed over the State telephone network. Such calls should be charged to the employee's home phone, personal calling card, or placed collect. Agencies should review monthly telephone billings for indication of charges for personal calls. If an agency discovers that personal calls have been placed, reimbursement must be sought for the charges incurred and the employee should be instructed not to charge additional long distance calls on the state network. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 5)

DEPARTMENT OF WORKFORCE DEVELOPMENT
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2007, with Scott Sanders, Deputy Commissioner/CFO; Monty Combs, former Deputy Commissioner/CFO; and Sharleen Daniel, Director of Analysis and Reconciliation. The official response has been made a part of this report and may be found on pages 6 through 10.



March 23, 2007

Bruce Hartman, State Examiner
State Board of Accounts
302 West Washington Street
4th Floor, Room E418
Indianapolis, IN 46204

Re: **OFFICIAL REPONSE**

Audit Period: **Compliance:** 07/01/04 through 01/31/07
Federal Programs: 07/01/05 through 06/30/06

Dear Mr. Hartman:

Please find attached the Department of Workforce Development's (DWD) response and /or corrective action plan for the management findings in the audit report for the periods above. We believe this response, and the planned action described within, will resolve these findings. The Board of Accounts audit team performed this engagement in a professional and cooperative manner and we appreciate the assistance of your staff in completing this audit in a timely manner.

Please contact me at 232-7472 if you have questions about any of our planned actions. Thank you.

Sincerely,

Scott B. Sanders
Deputy Commissioner/CFO

Attachment

SS/SD

Mitchell E. Daniels, Jr., *Governor*
Andrew J. Penca, *Commissioner*

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**STATE OF INDIANA
DWD RESPONSE TO**

Findings in the Audit Report for the period July 1, 2004 through January 31, 2007

FINDING 2006-DWD-1 Attendance Reports

Auditee Contact Person: Scott Sanders
Title of Contact Person: Deputy Commissioner of Finance and Administration/CFO, DWD
Phone Number: 232-7472

As stated in the previous report (B24675), we observed that employee attendance reports were frequently signed and dated prior to the last day worked. We also observed that attendance reports were approved by their supervisor before the employee's signature.

Employee attendance reports should not be signed, dated or approved prior to the last day worked in a pay period. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 9)

After being completed by the employee, the attendance report should be reviewed, signed, and dated by the immediate supervisor of the employee, or by another designated individual who has knowledge of the employee's attendance. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 9)

Response:

After the initial finding in 2004, DWD developed procedures for payroll approval in an effort to enforce compliance with Chapter 9 of the "Accounting and Uniform Compliance Guidelines Manual for State Agencies". These procedures included statements that payroll could not be signed prior to the last day worked for the pay period, with the exception of when AOS required early submission dates. In the event that the employee was unavailable on their last day worked in the pay period, the supervisor signed the time sheet and submitted a copy to payroll, with appropriate explanations. Upon their return, a time sheet with an original signature after the last day worked was forwarded to the payroll section. If the Supervisor was unavailable on the last day of the pay period, signature authority could be designated to another individual, as indicated in the State manual. A copy of the designation authority was to be submitted to Human Resources Department. Effective with the pay period ending February 26, 2005, the Human Resource Department began checking A4's for signatures and dates during their normal review. DWD assures the State Board of Accounts that the number of inappropriate dates is an immaterial amount and that we will do everything possible to eradicate the issue.

Effective January 1, 2006, DWD began using the PeopleSoft HR time submission. Time is submitted and approved on PeopleSoft. In the event that the supervisor is not able to approve their staff time, they must let HR and/or Payroll know so that they can approve the time on-line. It is DWD's intent that the use of the PeopleSoft HR time submission system will resolve this issue in the future.

**DWD Response To
Findings in the Audit Report for the period July 1, 2004 through January 31, 2007
(Continued)**

FINDING 2006-DWD-2 Automated Attendance Reports

Auditee Contact Person: Scott Sanders
Title of Contact Person: Deputy Commissioner of Finance and Administration/CFO, DWD
Phone Number: 232-7472

The Department of Workforce Development (DWD) started using the Time and Labor module within PeopleSoft in January 2006 to account for their payroll transactions. One of the features within the Time and Labor is an automated attendance report. Beginning in April 2006, DWD stopped printing paper attendance reports for signatures by employees and approvals by supervisors as part of the payroll approval process. The employees' certification of their time and the approvals by their supervisors is now performed through the computer. The State Board of Accounts has not approved due to various internal control issues the use of paperless attendance reports.

Every employee must submit an attendance report for each pay period. The attendance report is to be completed accurately, and be signed and dated by the employee. After being completed by the employee, the attendance report should be reviewed, signed, and dated by the immediate supervisor of the employee, or by another designated individual who has knowledge of the employees' attendance. The review should be done prior to submission of payroll to the Auditor's Office. If a different procedure is needed, contact the State Board of Account for assistance and approval. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 9)

Corrective Action Plan:

DWD is reviewing the concerns expressed by the State Board of Accounts (SBoA) in regards to the Time and Labor module and the use of paperless attendance reports. Where possible, we are preparing "screen shots" of the system that we feel address the issues and responses to the other concerns. It is our intent to take an active role with GMIS and IOT and work with SBoA to seek their approval for this process.

We feel that the use of the paperless system is more time effective as well as cost effective, in that, on bi-weekly bases, approximately 1,000 forms do not have to be printed out (saving paper and print cartridges) and mailed to DWD and then stored. In addition, with the use of electronic time submission, errors can be flagged immediately and corrective action can be taken (ie entering normal work hours on a holiday).

**DWD Response To
Findings in the Audit Report for the period July 1, 2004 through January 31, 2007
(Continued)**

FINDING 2007-DWD-3 Personal Long Distance Phone Calls

Auditee Contact Person: Scott Sanders
Title of Contact Person: Deputy Commissioner of Finance and Administration/CFO, DWD
Phone Number: 232-7472

It has been the practice of the Department of Workforce Development to allow employees to make personal long distance telephone calls on the agency's telephones. Each month, employees are to review telephone bills, identify their personal calls, and present a check or cash to the agency for payment.

Personal long distance calls are not allowed to be charged to the State or placed over the State telephone network. Such calls should be charged to the employee's home phone, personal calling card or placed collect. Agencies should review monthly telephone billings for indication of charges for personal calls. If an agency discovers that personal calls have been placed, reimbursement must be sought for the charges incurred and the employee should be instructed not to charge additional long distance calls on the state network. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 5)

Response:

DWD has a policy (DWD Policy 2004-38) regarding the use of State telephones for personal long distance calls that states:

"Personal long distance calls must not be charged to DWD or placed over the State telephone network. Such calls should be charged to you home phone, personal calling card, or placed collect."

However, realizing that, at times, personal circumstances make it imperative to make a long distance call during working hours, and other avenues may not be available at the time, our policy also states,

"There may be rare occasions when a personal emergency may arise and state resources must be used. These situations would offer an exception to the policy against use of the state telephone network or DWD issued cellular telephones. In these cases, the employee must reimburse costs incurred through DWD Accounts Payable Section."

Staff and supervisors review the monthly bills in order to ensure that we are in compliance with the policy, in that we seek reimbursement for such calls. A review of our reduction of expenses for the past 12 months, reflect a very nominal amount of this occurs. The situation found by the State Board has been followed up on and been discussed with the employee shortly after the situation occurred. The employee reimbursed the State for the calls as per the policy above and was directed to no longer accept collect calls.



INDIANA
WORKFORCE
DEVELOPMENT

TO: All DWD Employees

FROM: Monty W. Combs
Deputy Commissioner/Controller *MLC*

DATE: May 10, 2005

SUBJECT: DWD Policy 2004-38
Policy for Personal Long Distance Telephone Calls and Use of Cellular
Telephones

Purpose: To remind DWD staff of the policy for making personal long distance telephone calls and appropriate use of DWD cellular telephones.

Rescission: DWD Communication #2002-18

Content: Personal long distance calls must not be charged to DWD or placed over the State telephone network. Such calls should be charged to your home phone, personal calling card, or placed collect. If you are calling within the SBC calling area, dial 8 + 0 + the area code and phone number and follow the system prompts. For any other vendor, dial their 800-access number and follow the system prompts. Following are a few 800-access numbers: AT&T: 1-800-225-5288; MCI: 1-800-888-8000; and Sprint: 1-800-877-8000.

DWD issued cellular telephones are to be used for state business only.

There may be rare occasions when a personal emergency may arise and state resources must be used. These situations would offer an exception to the policy against use of the state telephone network or DWD issued cellular telephones. In these cases, the employee must reimburse costs incurred through DWD Accounts Payable Section.

Effective Date: May 2, 2005

Action: All staff is to follow the above policies regarding personal telephone calls and use of cellular telephones. Staff should be aware that abuse of this policy could result in progressive discipline.

Review Date: March 1, 2007

Ending Date: May 1, 2007

Ownership: Management Services

Mitchell E. Daniels, Jr., Governor
Ronald L. Stiver, Commissioner

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